

**EIGHTY-FOURTH GENERAL ASSEMBLY  
2012 REGULAR SESSION  
DAILY  
HOUSE CLIP SHEET**

APRIL 12, 2012

**HOUSE FILE 2460**

**H-8450**

1 Amend the amendment, H-8443, to House File 2460 as  
2 follows:

3 1. Page 2, line 2, after <plan> by inserting <,  
4 subject to the requirements under subsection 4A if  
5 applicable, and>

6 2. Page 2, after line 3 by inserting:

7 <\_\_\_\_. Page 14, after line 27 by inserting:

8 <Sec. \_\_\_\_\_. Section 403.5, Code 2011, is amended by  
9 adding the following new subsection:

10 NEW SUBSECTION. 4A. The resolutions of affected  
11 taxing entities required to be received under  
12 subsection 1, paragraph "b", section 403.19, subsection  
13 1, paragraph "d", section 403.19, subsection 10, and  
14 section 403.22, subsection 1A, must be received by the  
15 municipality no later than fourteen days following  
16 the date of the third public hearing on the proposed  
17 urban renewal plan, or, if amending a plan pursuant to  
18 subsection 5, within fourteen days of the conclusion  
19 of the notification and consultation process. If a  
20 resolution is not received in that time period, the  
21 affected taxing entity is deemed to have approved the  
22 proposed plan or project or amendment.>>

23 3. By renumbering as necessary.

**By** SODERBERG of Plymouth  
SANDS of Louisa

**H-8450** FILED APRIL 11, 2012

HOUSE FILE 2460

H-8452

1 Amend the amendment, H-8443, to House File 2460 as  
2 follows:  
3 1. Page 2, line 2, after <plan> by inserting <,  
4 subject to the requirements under subsection 4A if  
5 applicable, and>  
6 2. Page 2, after line 3 by inserting:  
7 <\_\_\_\_. Page 14, after line 27 by inserting:  
8 <Sec. \_\_\_\_\_. Section 403.5, Code 2011, is amended by  
9 adding the following new subsection:  
10 NEW SUBSECTION. 4A. The resolutions of affected  
11 taxing entities required to be received under  
12 subsection 1, paragraph "b", section 403.19, subsection  
13 1, paragraph "d", section 403.19, subsection 10, and  
14 section 403.22, subsection 1A, must be received by the  
15 municipality no later than fourteen days following  
16 the date of the third public hearing on the proposed  
17 urban renewal plan, or, if amending a plan pursuant to  
18 subsection 5, within fourteen days of the conclusion  
19 of the notification and consultation process. If a  
20 resolution is not received in that time period, the  
21 affected taxing entity is deemed to have disapproved  
22 the proposed plan or project or amendment.>>  
23 3. By renumbering as necessary.

By SODERBERG of Plymouth  
SANDS of Louisa

H-8452 FILED APRIL 11, 2012

HOUSE FILE 2435

H-8448

1 Amend House File 2435 as follows:  
2 1. Page 61, after line 23 by inserting:  
3 <Sec. \_\_\_\_\_. Section 225B.8, Code Supplement 2011, is  
4 amended to read as follows:  
5 225B.8 Repeal.  
6 This chapter is repealed July 1, ~~2012~~ 2013.>  
7 2. By renumbering as necessary.

By HEDDENS of Story  
HEATON of Henry

H-8448 FILED APRIL 11, 2012

HOUSE FILE 2449

H-8449

1 Amend House File 2449 as follows:

2 1. Page 10, before line 30 by inserting:

3 <DIVISION \_\_\_\_\_

4 PREVENTION OF DISABILITIES POLICY COUNCIL

5 Sec. \_\_\_\_\_. Section 225B.8, Code Supplement 2011, is  
6 amended to read as follows:

7 225B.8 Repeal.

8 This chapter is repealed July 1, ~~2012~~ 2013.

9 Sec. \_\_\_\_\_. EFFECTIVE UPON ENACTMENT. This division  
10 of this Act, being deemed of immediate importance,  
11 takes effect upon enactment.>

12 2. By renumbering as necessary.

**By** HEDDENS of Story

HEATON of Henry

H-8449 FILED APRIL 11, 2012

SENATE FILE 430

H-8454

1 Amend the amendment, H-8270, to Senate File 430,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:  
4 1. By striking page 1, line 3, through page 2, line  
5 38, and inserting:  
6 <\_\_\_\_. By striking page 1, line 1, through page 2,  
7 line 30, and inserting:  
8 <Sec. \_\_\_\_\_. NEW SECTION. 23.1 Citation.  
9 This chapter may be cited as the "Iowa Public  
10 Information Board Act".>  
11 \_\_\_\_\_. Page 3, by striking lines 14 through 16.  
12 \_\_\_\_\_. Page 3, by striking lines 19 through 35 and  
13 inserting:  
14 <1. An Iowa public information board is created  
15 consisting of the following seven members appointed by  
16 the governor, subject to confirmation by the senate:  
17 a. One member representing the Iowa broadcasters  
18 association.  
19 b. One member representing the Iowa newspaper  
20 association.  
21 c. One member representing the Iowa freedom of  
22 information council.  
23 d. One member representing the Iowa league of  
24 cities.  
25 e. One member representing the Iowa state  
26 association of counties.  
27 f. One member representing the Iowa association of  
28 school boards.  
29 g. One public member with demonstrated interest  
30 and knowledge about the requirements of chapters 21  
31 and 22. The public member shall not have been an  
32 employee of a governmental body, a government body,  
33 or a member of any entity or employed by a member of  
34 any entity identified in paragraphs "a" through "f"  
35 during the twelve months preceding the public member's  
36 appointment.  
37 2. Appointments to the board shall be subject to  
38 sections 69.16 and 69.16A.>  
39 \_\_\_\_\_. Page 4, after line 12 by inserting:  
40 8. The board shall be an independent agency.>  
41 \_\_\_\_\_. By striking page 4, line 19, through page 6,  
42 line 29, and inserting:  
43 <Sec. \_\_\_\_\_. NEW SECTION. 23.5 Complaints.  
44 An aggrieved person or any taxpayer to or citizen of  
45 this state may file a timely complaint with the board.  
46 Sec. \_\_\_\_\_. NEW SECTION. 23.6 Board powers and  
47 duties.  
48 The board shall have all of the following powers and  
49 duties:  
50 1. Employ an executive director, who shall be an

1 attorney, to execute its authority.

2 2. Adopt rules pursuant to chapter 17A calculated  
3 to implement and interpret the requirements of chapters  
4 21 and 22 and to implement any authority delegated to  
5 the board.

6 3. Issue board advisory opinions determining the  
7 applicability of chapter 21 or 22 to specified fact  
8 situations and issue informal advice to any person  
9 concerning the applicability of chapters 21 and 22.

10 4. Receive complaints alleging violations of  
11 chapter 21 or 22.>

12 \_\_\_\_\_. Page 7, by striking lines 10 and 11 and  
13 inserting <received, advisory opinions issued, and  
14 other work performed by the>

15 \_\_\_\_\_. Page 7, by striking lines 13 through 18.

16 \_\_\_\_\_. Page 7, by striking lines 25 through 29 and  
17 inserting <with the board alleging a violation of  
18 chapter 21 or 22.>

19 \_\_\_\_\_. By striking page 7, line 32, through page 11,  
20 line 6, and inserting:

21 <Sec. \_\_\_\_\_. NEW SECTION. 23.8 Informal assistance.

22 After accepting a complaint, the board shall  
23 promptly work with the parties through the executive  
24 director to reach an informal, expeditious resolution  
25 of the complaint.

26 Sec. \_\_\_\_\_. NEW SECTION. 23.9 Jurisdiction.

27 The board shall not have jurisdiction over the  
28 judicial or legislative branches of state government or  
29 any entity, officer, or employee of those branches, or  
30 over the governor or the office of the governor.>

31 \_\_\_\_\_. Page 11, line 11, by striking <2011> and  
32 inserting <2012>

33 \_\_\_\_\_. Page 11, by striking lines 13 and 14 and  
34 inserting <contrary, the executive director of the  
35 board shall not be hired prior to July 1, 2013.>

36 \_\_\_\_\_. Page 11, line 15, by striking <2012> and  
37 inserting <2013>

38 \_\_\_\_\_. Page 11, line 23, by striking <2012> and  
39 inserting <2013>

40 \_\_\_\_\_. Title page, by striking lines 1 through 4 and  
41 inserting <An Act relating to the creation of the Iowa  
42 public information board and including transition and  
43 effective date provisions.>>

**By** ROGERS of Black Hawk

Senate Amendment to  
House Amendment to  
SENATE FILE 364

H-8451

- 1 Amend the amendment, S-5193, to Senate File 364,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:  
4     1. Page 1, by striking lines 3 through 17.  
5     2. Page 1, line 44, after <life.> by inserting  
6     < "Occupational therapy" includes but is not limited to  
7     providing assessment, design, fabrication, application,  
8     and fitting of selected orthotic devices and training  
9     in the use of prosthetic devices.>  
10    3. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-8451 FILED APRIL 11, 2012

Senate Amendment to  
House Amendment to  
SENATE FILE 466

H-8453

- 1 Amend the amendment, S-3329, to Senate File 466,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:  
4     1. Page 2, by striking lines 36 through 41 and  
5     inserting:  
6     <6. a. A residential contractor violating this  
7     section is subject to the penalties and remedies  
8     prescribed by this chapter.  
9     b. A violation of this section by a residential  
10    contractor is an unlawful practice pursuant to section  
11    714.16.>  
12    2. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-8453 FILED APRIL 11, 2012

# Fiscal Note

*Fiscal Services Division*



**SF 2284** – Education Reform (LSB 6053SV.2)

Analyst: John Parker (Phone: 515-725-2249) ([john.parker@legis.state.ia.us](mailto:john.parker@legis.state.ia.us))

Fiscal Note Version – As Passed By Senate

## Description

**Senate File 2284** provides broad reforms to the Iowa public education system.

## Total General Fund Impact

The estimated General Fund cost of **Senate File 2284** will be approximately \$5.0 million in FY 2013, \$10.0 million in FY 2014, and \$10.4 million in FY 2015. The Science, Technology, Engineering, and Mathematics (STEM) initiative established at University of Northern Iowa (UNI) (Division VII) and the Iowa Reading Research Center (Division X) will have additional costs not reflected in the table and those costs will be based on appropriations made by the General Assembly. An estimated fiscal analysis of each Division and provision of the Bill is presented in the following table.

### Estimated General Fund Fiscal Impact of SF 2284

Div.	Education Reform Provision	FY 2013	FY 2014	FY 2015
I	Competency Based Instruction Task Force	\$ 100,000	\$ 0	\$ 0
II	Expand Core Curriculum	1,000,000	1,000,000	1,000,000
II	Core Curriculum Framework and Core Content Standards Advisory Council	0	0	0
III	Teacher Quality Committee	0	0	0
III	Development and adoption of Professional Development Plans	110,000	110,000	110,000
III	Coordinate with Teacher Quality Committees	500,000	500,000	500,000
III	Four Additional Hours each month of Practitioner Collaboration	0	0	0
III	Annual Reviews of Teacher's Performance with Peer Reviews	250,000	250,000	250,000
III	Annual Evaluation for Administrators	0	0	0
III	Statewide Educator Evaluation System Task Force and Implementation	160,000	110,000	110,000
III	Administrator Preparation and Licensure Review Task Force	55,000	55,000	55,000
III	Iowa Teaching Standards and Criteria Review Task Force	55,000	55,000	55,000
III	Teaching and Administration Standards Report	0	0	0
IV	Tobacco Prohibited on School Grounds	0	0	0
V	Develop and establish an online learning program model	1,600,000	1,600,000	1,600,000
V	Iowa Learning online initiative	100,000	100,000	100,000
VI	Student teaching to 14 weeks	0	0	0
VII	School Administration Manager	0	0	0
VIII	Develop a program for implementing continuous improvement methodologies	60,000	94,000	214,000
VIII	Annual Study relating to admission requirements to practitioner prep programs	0	0	0
VIII	STEM initiative established at UNI	0 *	0 *	0 *
IX	National Board for Professional Teaching Standards Awards	140,000	245,000	375,000
X	Establish by Rule	0	0	0
X	Iowa Reading Research Center	0 *	0 *	0 *
X	Assessments - Kindergarten	0	0	0
X	Assessment Initiative for K-3 that exhibit deficiency in reading	0	0	0
XI	Instructional Time Pilot Project	0	3,439,586	3,488,104
XII	Creating Outstanding Instructional Leaders Pilot Program	920,000	920,000	920,000
XIII	Class Sharing Agreements	0	1,500,000	1,600,000
XIV	Practitioner Preparation Program Assessments	0	0	0
<b>Increased General Fund Expenditures:</b>		<b>\$ 5,050,000</b>	<b>\$ 9,978,586</b>	<b>\$ 10,377,104</b>

\* Programs are estimated to have a cost impact; however, costs will be based on the amount of funding appropriated by the General Assembly.

## **Assumptions and Fiscal Impacts by Division**

### **Division I – Competency-Based Instruction**

This Division permits high school credit to be awarded to students that demonstrate competency in the subject areas required to be offered by accredited schools under the State's educational standards, and allows students to receive credit on a performance basis through the administration of an assessment. Creates a competency-based instruction task force and requires the task force to submit reports with findings and recommendations by January 13, 2013, and November 15, 2013. The Division is effective on enactment.

#### **Assumption:**

The Department of Education will require additional funding for the costs associated with providing additional support for the competency-based instruction task force for FY 2013.

#### **Fiscal Impact:**

The estimated impact is an increase in FY 2013 General Fund expenditures of \$100,000 for the costs associated with the task force.

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### **Division II – Core Curriculum Framework and Core Content Standards**

This Division establishes a core curriculum advisory council, adds additional courses to the core curriculum, and requires the Department, in collaboration with Area Education Agencies (AEAs), to develop and implement a core curriculum for all schools. Directs the State Board of Education to adopt rules that establish a core curriculum and high school graduation requirements for all students in school districts and accredited nonpublic schools. The core curriculum advisory council is required to submit findings related to the charge outlined in the Bill annually in a report to the General Assembly by November 1.

#### **Assumptions:**

- The cost of this Division is for the minimum implementation of the core curriculum.
- Costs include 2.0 FTE positions for the Department of Education and 8.0 external FTE positions (this may include AEAs).

#### **Fiscal Impact:**

The Legislative Services Agency (LSA) estimates the following amounts for expansion and implementation of the core curriculum, 2.0 FTE positions for the Department of Education and 8.0 external consultant FTE positions (this may include AEAs):

- FY 2013 - \$1,000,000
- FY 2014 - \$1,000,000
- FY 2015 - \$1,000,000

The Department of Education notes that desired implementation as proposed by the Department will increase the cost to \$2.5 million annually and require a total of 5.0 FTE positions within the Department.

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### **Division III – Teacher and Administrator Matters**

This Division relates to teaching and administrator standards and teacher and administrator preparation, licensure, professional development, and evaluation. The Division creates three new task forces: Statewide Educator Evaluation System Task Force, Administrator Preparation and Licensure Review Task Force, and Iowa Teaching Standards and Criteria Review Task Force. This Division is subject to an appropriation by the General Assembly.

#### **Assumptions:**

- Developing and adoption of professional development plans will be assisted by current funding for teacher quality.



- Four additional hours of practitioner collaboration will be repurposed from existing professional development time.
- The cost of annual reviews of teacher performance will cover the training for peer group reviews. Department of Education staff conducting the training will be funded with teacher quality funds and the additional 2.0 FTE positions assisting with the statewide teacher and administrator evaluation system and professional development plans.
- Annual evaluations for administrators will be funded with current teacher quality funds.
- Developing the statewide teacher and administrator evaluation system will be assisted by current funding for teacher quality.

#### **Fiscal Impact:**

The LSA estimates the total cost of implementing this Division is \$1.1 million and an additional 3.5 FTE positions for FY 2013 and 3.0 FTE positions in FY 2014 and FY 2015:

<b>Teacher and Administrator Matters Provisions</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FTE</b>
Teacher Quality Committee	0	0	0	0.00
Development and adoption of Professional Development Plans	110,000	110,000	110,000	1.00
Coordinate with Teacher Quality Committees	500,000	500,000	500,000	0.00
Four Additional Hours each month of Practitioner Collaboration	0	0	0	0.00
Annual Reviews of Teacher's Performance with Peer Reviews	250,000	250,000	250,000	0.00
Annual Evaluation for Administrators	0	0	0	0.00
Statewide Educator Evaluation System Task Force and Implementation	160,000	110,000	110,000	1.50*
Administrator Preparation and Licensure Review Task Force	55,000	55,000	55,000	0.50
Iowa Teaching Standards and Criteria Review Task Force	55,000	55,000	55,000	0.50
Teaching and Administration Standards Report	0	0	0	0.00
<b>Total Cost and FTE positions for Teacher and Administrator Matters:</b>	<b>\$ 1,130,000</b>	<b>\$ 1,080,000</b>	<b>\$ 1,080,000</b>	<b>3.50</b>

\*Additional 0.5 FTE position will only be required in FY 2013. 1.0 FTE position required in FY 2014 and 2015 for implementation.

#### **Estimated Local Impact:**

*Teacher quality committees include teacher representation that will require school districts to hire substitute teachers when the committee meets quarterly. The LSA cannot estimate the local impact on districts for this provision.*

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#### **Division IV – Tobacco Prohibited on School Grounds**

This Division prohibits the use of nicotine products by any student or by anyone on school grounds. The school board may suspend or expel a student, may remove a person, and may bar the person's future presence on school grounds for violating this provision.

#### **Fiscal Impact:**

No State fiscal impact.

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#### **Division V – Online Learning**

This Division relates to the development, establishment, and approval of learning programs delivered by online schools. The Division establishes an online learning program model and an Iowa learning online initiative within the Department to provide distance education to high school students statewide. The Division also includes legislative findings and declarations by the General Assembly related to online learning requirements. Additionally, for school aid funding purposes, students will only be counted as 0.3 of one pupil if they receive more than 50.0% of their coursework online.

**Assumptions:**

- Development of an online learning program model will transition to a fee-based service in FY 2016.
- Evaluation procedures and the online learning program model provisions of this Division will share FTE positions with the Iowa learning online initiative to continually evaluate the coursework offered online.

**Fiscal Impact:**

The estimated fiscal impact to the Department of Education is \$1.6 million and a 1.0 FTE position to develop and establish an online learning program model in FY 2013, FY 2014, and FY 2015.

The LSA estimates the cost of implementing the Iowa learning online initiative is \$100,000 in FY 2013, FY 2014, and FY 2015.

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**Division VI – Board of Educational Examiners Provisions**

This Division requires the Governor to appoint the executive director of the Board of Educational Examiners subject to confirmation by the Senate. Currently, the Director is hired by the Board of Educational Examiners. The Division also increases the length of the student teaching experience from 12 to 14 weeks.

**Fiscal Impact:**

No State fiscal impact.

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**Division VII – School Administration Manager**

This Division permits the authorization of individuals that successfully complete a training program and meet Board of Educational Examiners standards to assist school principals in performing noninstructional duties.

**Assumption:**

The development of standards and procedures will be performed by existing Department staff.

**Fiscal Impact:**

No State fiscal impact is estimated to develop the standards and procedures for the approval of training programs for individuals that seek employment as a school administration manager.

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**Division VIII – State Board of Regents Provisions**

This Division directs the State Board of Regents to develop a program for implementing continuous improvement methodologies in every undergraduate course offered by the Regents universities. Continuous improvement plans are to be implemented beginning in the fall semester of 2013 for courses with typical annual enrollment of 300 or more. Continuous improvement plans are to be implemented beginning in the fall semester of 2014 for courses with typical annual enrollment of 200 or more but less than 300. Continuous improvement plans are to be implemented beginning in the fall semester of 2015 for courses with typical annual enrollment of 100 or more but less than 200. Requires the Board of Regents to annually evaluate the effectiveness of the methodologies and improvement plans and submit findings and recommendations in its annual strategic plan progress report.

**Assumptions:**

- The cost of implementation for all courses in FY 2013 will be \$2,070,000. Approximately 2.9% of courses have enrollment of 300 or more; 1.6% have enrollment between 200 and 299; and 5.5% have enrollment between 100 and 199.
- Due to the ongoing nature of continuous improvement plans, costs will increase when additional courses are required to implement the plans.
- Salary costs will increase at a rate of 2.00% annually.

**Fiscal Impact:**

The LSA estimates the following impact to the Regents universities:

- FY 2013 = \$60,000
- FY 2014 = \$94,000
- FY 2015 = \$214,000

Estimated fiscal impact will continue in subsequent fiscal years and may increase if more courses are required to implement continuous improvement plans.

**Annual Study**

Beginning July 1, 2012, this Division requires the State Board of Regents to conduct an annual study relating to the admission requirements of the university practitioner preparation programs and the cumulative grade point averages of all students entering and exiting the programs. The Board must submit findings and recommendations to the General Assembly by December 1 annually.

**Fiscal Impact:**

The impact will be minimal and requirements may be satisfied by current staff.

**STEM Requirements**

This Division amends the requirements for a STEM collaborative initiative at the UNI for the purposes of supporting activities directly related to recruitment of prekindergarten through grade 12 mathematics and science teachers. The STEM initiative is subject to an appropriation of sufficient funds by the General Assembly.

**Fiscal Impact:**

The impact to the General Fund will depend on the appropriation by the General Assembly. The appropriation in FY 2012 is \$1.7 million, and the Governor recommended funding the initiative at \$4.7 million for FY 2013.

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**Division IX – National Board for Professional Teaching Standards Awards**

This Division eliminates the end dates for the National Board for Professional Teaching Standards certification one-time fee reimbursement awards and the annual awards. The eligibility for the annual award is 10 years or for the years the individual maintains a valid certificate and remains employed as a public school teacher in Iowa, whichever time period is shorter. This Division is subject to an appropriation by the General Assembly.

**Assumptions:**

- The estimate assumes a backlog of 20 certified teachers evenly distributed through 2009-2012. The backlog of certified teachers will require one-time fee reimbursements and annual awards to be brought up to date.
- Reimbursement and annual awards will continue indefinitely for teachers applying for certification.
- New certifications will number 52 annually for FY 2013, FY 2014, and FY 2015, based on the average annual certifications from 2000-2008.

**Fiscal Impact:**

The estimated impact for reimbursement and annual awards:

- FY 2013 - \$140,000
- FY 2014 - \$245,000
- FY 2015 - \$375,000

Costs are estimated to be ongoing in future fiscal years.

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**Division X – Early Childhood Literacy**

This Division requires the State Board of Education to adopt, by rule, guidelines for school district implementation of basic levels of reading proficiency based on approved assessments and identification of tools to evaluate any student that may be determined deficient in reading. Assessments should include but are not limited to initial assessments, subsequent assessments, alternative assessments, and portfolio reviews. Requires the State Board of Education to adopt standards that provide a reasonable expectation that a student's progress towards reading proficiency is sufficient to master appropriate fourth grade level reading skills prior to the student's promotion to fourth grade. The Division requires the State Board to adopt the rules and guidelines in this section by July 1, 2013.

**Assumptions:**

Rules and guidelines can be developed under the current duties of the State Board and no outside consulting costs will be incurred.

**Fiscal Impact:**

Impact will be minimal and requirements may be satisfied by current staff.

***Iowa Reading Research Center***

This Division requires the director of the Department of Education to establish an Iowa reading research center for the application of current research literacy, subject to an appropriation by the General Assembly.

**Fiscal Impact:**

The fiscal impact to the General Fund is contingent on an appropriation by General Assembly.

***Kindergarten Readiness Assessment***

This Division directs school districts to administer a kindergarten readiness assessment prescribed by the Department to every resident prekindergarten or four-year-old child enrolled in the district. This subsection is subject to an appropriation by the General Assembly and is repealed on July 1, 2013.

**Assumptions:**

Requires each school district to administer a kindergarten readiness exam to resident prekindergarten or four-year-old child enrolled in the district. The estimate assumes approximately 24,200 students will take the test annually at a cost of \$15 per test.

**Fiscal Impact:**

No State fiscal impact.

***Estimated Local Impact:***

*The estimated fiscal impact of the kindergarten readiness assessment provision is an increased cost annually of \$363,000 beginning in FY 2013. The costs will be greater if additional students*

*are required to take the assessment, with a maximum cost of \$600,000 annually (if all students entering kindergarten are required to take the assessment).*

### **Reading Proficiency Requirements**

This Division directs school districts to assess all students enrolled in kindergarten through third grade at the beginning of each school year for their level of reading or reading readiness on locally determined or statewide assessments. If funds are appropriated by the General assembly, school districts must provide intensive reading instruction to any student who exhibits a substantial deficiency in reading, based on assessments or through teacher observations. Requires the school district to continue to provide the student with intensive reading instruction until the reading deficiency is remedied. The parent or guardian of any student in kindergarten through third grade that exhibits a substantial deficiency in reading is to be notified at least annually.

Requires school districts to provide students, identified as having a substantial deficiency in reading, with intensive instructional services and supports free of charge to remediate the identified areas of reading deficiency. Instructional services include strategies under the discretion of the school district that may include but are not limited to the following: small group instruction; reduced teacher-student ratios; more frequent progress monitoring; tutoring or mentoring; extended school day, week, or year; or summer reading programs.

Requires school districts to provide a report to the parent or guardian regarding the academic and other progress being made by the student. School districts must provide parents of students identified as having a substantial deficiency in reading with a plan outlined in a parental contract, including participation in regular parent-guided home reading.

School districts must establish a reading enhancement and acceleration development initiative designed to offer intensive accelerated reading instruction to each student in kindergarten through third grade assessed as exhibiting a substantial deficiency in reading.

Each school district must report to the Department the specific intensive reading interventions and supports implemented by the school district.

In determining whether to promote a student from third to fourth grade, school districts must place significant weight on any reading deficiency identified by assessments or teacher observations. School districts must also consider the student's progress in other subject areas, as well as the student's overall intellectual, physical, emotional, and social development. The decision to retain a student in third grade must be made only after direct personal consultation with the student's parent or guardian and after the formulation of a specific plan of action to remedy the student's reading deficiency.

To ensure all children are reading proficiently by the end of third grade, each school district must address reading proficiency in their comprehensive school improvement plan. The plan should include information about children from assessments and the frequency of deficiencies identified by classroom, elementary school, and other student characteristics.

Subject to an appropriation by the General Assembly, each school district must provide professional development services to enhance the skills of elementary teachers in responding to a child's unique reading issues and needs.

### **Fiscal Impact:**

No State fiscal impact.

**Estimated Local Impact:**

*Reading deficiency under this Division will be contingent on the number of students considered substantially deficient in reading based on locally determined or statewide assessments conducted in kindergarten through third grade. The estimated fiscal impact will be subject to the number of students identified as deficient in reading, extent of deficiency, type of reading instruction, and amount of extra instruction time in addition to the regular instruction time. Costs will increase depending on the strategies developed by the school districts including but not limited to: small group instruction; reduced teacher-student ratios; more frequent progress monitoring; tutoring or mentoring; extended school day, week, or year; or summer reading programs.*

**Cross-Agency Assessment Instrument Planning Group**

This Division establishes a Cross-Agency Assessment Instrument Planning Group to study and select one standard, multidomain assessment instrument for implementation by all school districts for purposes of kindergarten assessments. The instrument must align with agreed upon state and national curriculum standards. The planning group is to study all costs associated with implementing a universal assessment instrument. The assessment instrument is to be administered at the beginning and at the end of the school year to measure student skills and academic growth. The planning group is to submit findings and recommendations in a report to the General Assembly by November 15, 2012.

**Fiscal Impact:**

The LSA estimates minimal fiscal impact.

**Iowa Early Intervention Block Grant Program**

Repeals Iowa Code section 256D.9, eliminating the repeal date of July 1, 2012, of the Iowa Early Intervention Block Grant Program.

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**Division XI – Instructional Time Pilot Project**

This Division establishes an instructional time pilot project to study the effectiveness of extra instructional time for prekindergarten through grade 12. The project will begin on July 1, 2013, and be administered by the Department of Education. The Department must establish an application process for school districts for the instructional time pilot project. The number of participating students in the instructional time pilot project cannot exceed 2.75% of the total student enrollment in school districts statewide in prekindergarten through twelfth grade for the school year ending June 30 of the year preceding initial participation in the pilot project. The total number of students participating in the pilot project enrolled in a school district during a school year cannot exceed 20.0% of the total number of students authorized to participate in the pilot project statewide during the school year.

In order to provide additional funds for the school districts with pupils participating in the instructional time pilot project, a supplementary weighting of 0.05 is established per pupil.

This Division is repealed on June 30, 2016.

**Assumptions:**

- The enrollment figures used to calculate the fiscal impact are 476,400 in FY 2014, 483,120 in FY 2015, and 485,739 in FY 2016.
- Assumes a 0.0% allowable growth rate for FY 2013 through FY 2016.

**Fiscal Impact:**

The Department of Education will require a 0.5 FTE position to develop and oversee the grant application process. The estimated Statewide increase in school aid cost will be:

- FY 2013 - \$0
- FY 2014 - \$3,439,586
- FY 2015 - \$3,488,104
- FY 2016 - \$3,507,013

Additionally, statewide local property taxes will increase by approximately \$500,000 in FY 2014, FY 2015, and FY 2016.

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**Division XII – Creating Outstanding Instructional Leaders Pilot Program**

If funds are appropriated by the General Assembly, the Department is required to establish an outstanding instructional leaders pilot program to promote excellence in the teaching profession. School districts receiving funds must use the funds to establish yearly peer coaching stipends for teachers in the amount of \$8,000. The 15 school districts with the highest student population will receive funds to provide for three peer coaching stipends. The 35 school districts with the 16<sup>th</sup> through 50<sup>th</sup> highest student population will receive funds to provide for two peer coaching stipends.

This Division is repealed on June 30, 2015.

**Fiscal Impact:**

- FY 2013 - \$920,000
- FY 2014 - \$920,000
- FY 2015 - \$920,000

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**Division XIII – Class Sharing Agreements**

Division VIII expands the courses eligible for school aid formula supplementary weighting. The LSA estimates class sharing agreements will increase supplementary weighting funding generated through the school aid formula beginning in FY 2014. Full-year Project Lead the Way courses are currently not eligible to receive supplementary weighting.

**Assumptions:**

Based on the October 2011 certified enrollment data, courses impacted by this Division had a supplementary weighting totaling 259.24. The LSA assumes this weighting will increase by 10.0% annually. Additionally, the LSA is assuming a 0.0% allowable growth rate for FY 2014 and FY 2015.

**Fiscal Impact:**

The estimated General Fund impact will be an increase in State school aid of \$1.5 million in FY 2014 and \$1.6 million in FY 2015. Additionally, local property taxes will increase for districts with students receiving the supplementary weighting. Statewide, the estimated property tax increase will be \$200,000 in FY 2014 and FY 2015.

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**Division XIV – Practitioner Preparation Program Assessments**

This Division requires institutions with approved practitioner preparation programs to administer a preprofessional skills test to admission candidates.

Institutions must also administer, prior to a student's completion of the program, subject assessments, designed by a nationally recognized testing service, that measure pedagogy and knowledge of at least one subject area.

**Assumption:**

The cost of the preprofessional skills test and the assessment to measure pedagogy and knowledge of at least one subject area will be paid by the student.

**Fiscal Impact:**

No State fiscal impact.

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**Division XV – State Mandate**

Requires any additional costs resulting from this Bill to local school districts to be paid through funds from State aid generated from the school aid formula.

**Fiscal Impact:**

The LSA has identified that Division III (Teacher and Administrator Matters) and Division X (Early Childhood Literacy) may have additional costs with no additional funding provided in this Bill. However, those costs are currently unknown.

**Sources**

Iowa Department of Education  
Board of Regents  
Iowa State University  
LSA analysis and calculations

/s/ Holly M. Lyons

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April 11, 2012

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Iowa Code section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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**SF 2330** – Sales and Use Tax Nexus (LSB 5408SZ.1)

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Fiscal Note Version – REVISED

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**Description**

**Senate File 2330** expands the definition, for sales and use tax collection purposes, of a retailer maintaining a place of business in the State to include any person that has substantial nexus in Iowa, other than a common carrier, if that person engages in any of the following activities:

- Sells a similar line of products as the retailer and does so under the same or a similar name.
- Maintains an office, distribution facility, warehouse, storage place, or similar place of business in the State to facilitate the delivery of property or services sold by the retailer to the retailer's customers.
- Uses trademarks, service marks, or trade names in the State that are the same or substantially similar to those used by the retailer.
- Delivers, installs, assembles, or performs maintenance services for the retailer's customers.
- Facilitates the retailer's deliveries of property to customers in the State by allowing the retailer's customers to take delivery of property sold by the retailer at an office, distribution facility, warehouse, storage place, or similar place of business maintained by the person in the State.
- Conducts any other activities in the State that are significantly associated with the retailer's ability to establish and maintain a market for the retailer's sales.

**Assumptions**

- Currently, the Department of Revenue already considers some of the expanded definitions provided in the Bill to establish nexus; therefore, companies meeting those criteria should already be remitting sales tax. Additionally, the Department is not aware of any current retailers that will be impacted by this Bill.
- The United States e-commerce share of retail sales is calculated at 4.5% (based on U.S. Census Bureau retail sales data from March 2006 through December 2011).
- Iowa taxable retail sales data for FY 2007 through FY 2011 is from the Department of Revenue's sales and use tax database.
- Currently, approximately 15.0% of e-commerce sales in the State are subject to State sales tax. Those sales are made by businesses with nexus under current law.
- Additionally, some online retailers participate in the Streamlined Sales Tax Program and currently collect and remit sales tax on purchases made by Iowa residents. The amount collected in FY 2011 was approximately \$12.0 million.
- Iowa residents that make online purchases are required to pay consumer use tax for taxable items. However, compliance and enforcement are minimal.
- Potentially, in future fiscal years, it is assumed the additional percent of e-commerce retail sales is estimated at 10.0% of current total e-commerce retail sales in Iowa. The Department of Revenue estimates the amount of total e-commerce retail sales in Iowa is \$782.6 million in FY 2013.
- The average annual growth rate of e-commerce retail sales share of total retail sales is 8.6% (based on the national e-commerce share of retail sales from FY 2007 to FY 2011).

- Annual average taxable retail sales are estimated to increase 3.7% in FY 2012, 3.4% in FY 2013, 3.7% in FY 2014, 4.4% in FY 2015, and 3.8% in FY 2016.
- The State sales tax rate is 6.0% with five-sixths of the State sales tax deposited in the General Fund and one-sixth deposited in the Secure an Advanced Vision for Education Fund. The statewide average local option sales tax rate is 0.87%.

### **Fiscal Impact**

The provisions of [SF 2330](#) will currently not impact any retailers in Iowa and is not anticipated to have a fiscal impact in FY 2013. However, in future fiscal years the Bill may provide for the potential of increased sales tax collection from e-commerce sales within the State. Based on the assumptions noted above, the potential impact on State sales tax revenue may be in excess of \$4.7 million annually.

### **Sources**

Iowa Department of Revenue  
LSA calculations

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/s/ Holly M. Lyons

April 11, 2012

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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